

**Board of County Commissioners  
Leon County, Florida**

**Workshop for the Consideration of Sales Tax  
Funding for the Primary Healthcare Program**

**1:30 PM - 3:00 PM  
Tuesday, April 26, 2005**

**Leon County Board of County Commissioner Chambers  
Leon County Courthouse, 5<sup>th</sup> Floor**

**This document distributed: April 19, 2005**



# Board of County Commissioners

## Workshop

Date of Meeting: April 26, 2005

Date Submitted: April 20, 2005

To: Honorable Chairman and Members of the Board

From: Parwez Alam, County Administrator *PA*  
Vincent S. Long, Assistant County Administrator *✓*  
Alan Rosenzweig, Director, Office of Management and Budget *SR*

Subject: Sales Tax Funding for Primary Healthcare Program

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### **Statement of Issue:**

For the Board to consider authorization of a referendum to utilize a ½ cent local option sales tax to fund the Primary Healthcare Program.

### **Background:**

On March 22, 2005, the Board directed a workshop be conducted to consider the authorization to conduct a referendum to impose a ½ cent local option sales tax to fund the Primary Healthcare Program.

### **Analysis:**

Leon County instituted the Primary Healthcare program in FY2003. The program is primarily funded through a countywide Municipal Services Taxing Unit (MSTU) property tax. For current fiscal year 2004/2005, the property tax rate was established at 0.22 mills. The 0.22 mill tax rate is estimated to generate approximately \$2.275 million. At the April 12<sup>th</sup> meeting, the Board voted to set the tax rate at 0.12 mills for the next fiscal year (FY05/06). The 0.12 mill levy will generate approximately \$1.2 million annually.

According to Florida Statutes 212.055 (7), the County can levy an additional ½ cent local option sales tax to support funding of health care services for the medically poor. The additional tax is subject to voter approval in a countywide referendum.

The following table reflects the estimated tax proceeds that would be generated by the additional ½ cent sales tax levy. The table also reflects how much annual revenue the funds would generate based on estimated interest earnings at 2.5%.

# Years Tax Imposed	Balance Invested	Interest Earned
3	\$54.6 million	\$1.33 million
4	\$75.3 million	\$1.84 million
5	\$97.3 million	\$2.37 million

The table above reflects that if the sales tax was imposed for four years, there would be approximately \$75.3 million in funds invested. Assuming an interest rate of 2.5%, this would generate an estimated \$1.84 million annually for the program. This allocation could be accomplished without an annual reduction of the principal invested.

In terms of tax burden, according to Dr. Mark Bonn's analysis performed for the Tourist Development Council, it is estimated that visitors to Leon County account for approximately 22% of all taxable sales transactions.

The referendum language would clearly delineate a start and end date for the imposition of the tax. Staff would also recommend that if a referendum was held in November 2006, that if passed, the tax be imposed beginning in October 2007. This would allow the Board the ability to eliminate the MSTU prior to the sales tax collection beginning.

A majority vote of the Board would be required to authorize the referendum.

**Options:**

1. Direct staff to proceed with the development of an ordinance for the scheduling of a referendum on the imposition of a ½ cent sales tax to support indigent healthcare for a period of time determined by the Board.
2. Do not direct staff to proceed with the development of an ordinance for the scheduling of a referendum on the imposition of a ½ cent sales tax to support indigent healthcare for a period of time determined by the Board.
3. Board Direction

**Recommendation:**

#3 Board Direction

PA/VL/AR/ar